

Supplier Social Responsibility Advisory Workgroup Agenda
Friday, September 5, 2008 (2:00 - 5:00 p.m.)
Liquor Control Board Headquarters, Olympia – Conference Room 201

Time	Topic	Discussion Leader	Expected Outcome
2:00 – 2:10	Welcome, review meeting agenda, introductions	Mona Moberg	Introductions made and meeting agenda reviewed
2:10 – 2:20	Background and purpose for this Workgroup	Lorraine Lee	Understanding of Workgroup purpose
2:20 – 2:45	Review roles, project charter and create Ground Rules	Mona Moberg	Understanding of expectations and agreement on ground rules
2:45 – 3:00	Supplier Scorecard and New Listing Profile overview	Debi Besser	Understanding of the scorecard and new listing profile
3:00 – 3:15	Presentation of social Bacardi responsibility programs	Jeff Barr	Program information shared
3:15 – 3:30	Presentation of Diageo social responsibility programs	Arick Liske	Program information shared
3:30 – 3:45	BREAK		
3:45 – 4:30	Defining “social responsibility”	Mona Moberg	Agreement on definition and activities
4:30 – 5:00	Wrap up, meeting feedback	Debi Besser Mona Moberg	Identify next steps and any assignments
5:00	ADJOURN		

Scheduled Meeting Dates:

- October 10, 2008 (1 - 4 p.m.)
- November 17, 2008 (2 - 5 p.m.)
- December 4, 2008 (1:30 - 4:30 p.m.)
- January 5, 2009 (1 - 4 p.m.)
- February 23, 2009 (1 - 4 p.m.)

All meetings held at LCB Headquarters, Olympia, Conference Room 201 (unless otherwise noted on meeting request).

Workgroup Members:

Lorraine Lee, LCB
Ruthann Kurose, LCB
Kimberly Ward, LCB
Brian Smith, LCB
Brent Young, Remy Cointreau USA (DRAW President)
Matt McCarthy, Southern Wine/Spirits West (DRAW VP)
Arick Liske, Diageo North America
Jeff Barr, Bacardi
Bill Ingersoll, Young's Columbia

Pat McLaughlin, LCB
Debi Besser, LCB
Mona Moberg, LCB
Steve Burnell, LCB
Michael Langer, DSHS/DASA
Terry Adams, Ste. Michelle
Kathe McDaniel, LCB
Jim Hutchins, LCB
Tony Masias, LCB

The mission of the Washington State Liquor Control Board is to contribute to the safety and financial stability of our communities by ensuring the responsible sale, and preventing the misuse of, alcohol and tobacco.

**Supplier Social Responsibility Advisory Workgroup
September 5, 2008**

Workgroup Attendees:

Lorraine Lee, LCB Board Chair	Ruthann Kurose, LCB Board Member
Pat McLaughlin, LCB	Debi Besser, LCB
Brian Smith, LCB	Kimberly Ward, LCB
Mona Moberg, LCB	Steve Burnell, LCB
Kathe McDaniel, LCB	Jim Hutchins, LCB
Tony Masias, LCB	Michael Langer, DSHS / DASA
Jeff Barr, Bacardi	Arick Liske, Diageo North America
Bill Ingersoll, Young's Columbia	Terry Adams, Ste. Michelle
Matt McCarthy, Southern Wine / Spirits West (DRAW VP)	

The workgroup members were welcomed and introduced.

Lorraine discussed the need for the workgroup to be created and its purpose:

- Increase awareness and measurement of suppliers' social responsibility efforts
- Facilitate coordination between the LCB and suppliers on public safety campaigns in the stores and in other locations including media outlets.
- Enhance the collaboration efforts and create partnerships between the Liquor Control Board (LCB) and stakeholders.

Timeline: Recommendations are due to Sponsors by March 31, 2009.

Mona Moberg reviewed the “**Team Roles and Responsibilities**” sheet (attached).

Sponsors: Lorraine Lee, LCB Board Chair and Pat McLaughlin, LCB Business Enterprise Director.

Team Lead: Debi Besser, LCB Director of Purchasing

Facilitator: Mona Moberg, Project Manager

Team Members: All other Workgroup members

The **LCB Supplier Social Responsibility Advisory Workgroup Charter** (attached) was reviewed by all in attendance:

As the Objectives were reviewed Pat McLaughlin asked if there were any comments or concerns regarding the five objectives. There were no concerns or comments. The agency goals that are supported by conducting this work group were also reviewed with no further question or comment.

Ground Rules:

Start and end on time.

Be comfortable at meetings (attire, breaks).

No idea is a bad idea.

No question is too dumb (It is okay to ask “what do you mean?”).

LCB Awareness Campaign – Tony Masias, LCB Program Manager

Tony reviewed the new education program that was recently rolled out in all the LCB's state liquor stores. This program was created out of the long term desire of the Board to focus on public safety. The campaign includes a substantial display unit with rotating posters aligning with specific events throughout the year. The first poster shows a picture through the facemask of a football helmet looking at the opposing team and asks "What Is Your Teen Doing after the Big Game?"

The program is aimed at the parents of youth as an effort to begin the communication about underage drinking; decisions, risks and repercussions and is tied directly to the Reduce UnderAge Drinking campaign (RUaD). The desire was to put this in the hands of parents and make them the responsible party in educating their children.

Mona shared that focus groups have shown that the opinion of parents does matter. When polled, teens are most likely to respond that the number one factor in their choosing not to drink comes from the influence of parents, specifically the opinion of their mom. Parents that were polled thought that they had little to no influence over their son or daughter deciding to drink.

In addition, TV, magazines and movies are impactful. A large number surveyed had their first drink as young as 8th grade and the alcohol had been supplied by an adult.

Kim Ward asked how the success of the program can be measured. Is it measurable in statistics or does it just make us feel better that we are doing something? Tony responded that we can currently measure interest by: Dept. of Licensing request to have the posters displayed at locations where the public renews their vehicle, schools have expressed interest, requests by licensees. Mona also referenced the Key Impact Measures that the LCB is currently developing as a way to measure the impact of social responsibility efforts.

Overview of Measurement tools: Supplier Scorecard and New Listing Profile – Debi Besser, LCB Director of Purchasing

There are a couple of tools that LCB currently have in place to measure suppliers in an objective manner. These measures are then considered in making business decisions, such as new listings. The workgroup may consider using or adding to these tools to measure supplier social responsibility efforts

The **Supplier Scorecard** is a tool that is utilized with 16 of LCB highest volume suppliers. Not all suppliers have a scorecard. The scorecard gives a point value and weight to events and activities, such as product in stock or customer service, to grade performance. It is easy to assign a score when there is a natural measure, such as product in stock. But in some cases, the aspect that is being measured is more subjective, such as customer service, and in those cases, points can be assigned around situations and observed reactions.

Since not all suppliers have a scorecard, we have developed a secondary method of grading supplier performance directly on the new listing profile. Suppliers presenting new products to

the Board are rated good or poor in most of the same areas as are rated on the scorecard. This rating is done directly on the new listing profile. It is not as objective as the scorecard measure, but it isn't feasible to maintain scorecards for all 300 suppliers.

One of the topics this group will consider is whether to grade *supplier social responsibility* in the same way or come up with a different measurement.

Jeff Barr, Bacardi presented Bacardi's Corporate Responsibility PowerPoint (handout) to the group. He stated that suppliers have come a long way in the last few years with internal surveys resulting in grading themselves.

- In their marketing principles, Bacardi promotes: Responsible enjoyment; not binge drinking, ensuring that promotions are geared towards 21 year old age group and above.
- Bacardi Rum will spend nearly \$3 million on year long responsibility communications (US marketing).

Michael (DASA) asked if the company earmarks percentage of revenue towards such campaigns. Jeff stated that 10% or more of the media component budget (dependent upon brand size).

- Bacardi has targeted internet communication as a critical way to reach over 21 year olds... taxi locator, widgets, blogs etc...
- Bacardi is a member of Discus, Century Council and International Center for Alcohol Policies (ICAP).
- Century Council Retail Program "65% Campaign", "Ask, Listen, Learn" – Kids and Alcohol Don't Mix and Girl Talk

Question arose regarding what study the "65% adults supplying alcohol to kids statistic" was captured from. <Action Item>

Arick Liske, Diageo presented Diageo's Corporate Responsibility PowerPoint. Arick highlighted video clips of current broadcast advertising.

- 1% of gross operating profits go to community / social involvement.
- All POS material has social responsibility tag line attached. Currently working on labeling requirements; supported by distiller community (legislative activity)
- Partner with the right organizations to develop the right message.

Tony Masias asked for clarification about whether Diageo gives funding to Century Council as well as developing own programs. Arick confirmed that the company believes in initiating and building relationships.

Michael Langer, DASA asked if there was an allotment per state for marketing. Arick stated that they have the autonomy within their cluster area to determine what to spend. There is no set amount by state.

Lorraine asked if Arick could provide details on what Diageo has done in North Carolina regarding social responsibility message. In addition, Debi Besser asked if Arick could provide data measures on the effectiveness of social responsibility ads campaign. <Action Item>

Jeff asked the LCB representatives if they were looking for a partner to run state initiatives. The goal of the workgroup is to improve visibility and effectiveness of social responsibility efforts and messaging here in Washington State, regardless of method or location (LCB stores or other places).

What is the program that makes sense within WA? We need to develop a program specifically for Washington. Ruthann commented that the group should look at and consider other exiting programs available in order to maximize resources.

How should we define “Social Responsibility” for the purposes of this workgroup?

The following ideas were generated during brainstorming:

- Decision to responsibly drink alcohol, by those adults who choose to drink.
- Marketing not directed to minors / limit exposure to kids.
- Adults should be responsible to educate self as to the laws and norms regarding drinking.
- Taking responsibility for adverse impacts of alcohol use.
- Influencing behavior that benefits greater population.
- Supporting effective solutions to prevent underage access and overconsumption (use tools that speak to the target audience).
- Offered that we should work on social responsibility and drinking responsibly as separate component.
- Do we go beyond alcohol? While here at the table we should take the group where we can. Sustainability – good stewards of the earth as shared by Terry.
- Bring communities to forefront and focus on building community partnerships.
- Education; how best to educate the public.
- Get to the right gatekeepers to pass the right message along.
- Continue to drive message to the public.
- Integrity of outcome intended.
- Determine target and get message out in the best way possible.
- Consider different learning styles and diverse audience in conveying the message
- Set a definitive line of what responsible consumption means: *“This is how we like to see you enjoy our product; binging on our product is not!”*
- Focus on influencing an outcome, not an output.

The group reviewed the above notes/comments and gave consensus on key words or specific wording that was preferred:

- Influencing behavior....
- Effective solutions and that we provide solutions
- Taking responsibility and having accountability
- Educate and public awareness
- Partnerships/ communities including environment
- Healthy communities

In drafting the definition, be specific, not too general. Remember that the word alcohol should be included as that is what we are discussing. (Michael)

Debi will draft a proposed definition and send it out for comment to the workgroup prior to the October meeting.

Debi concluded with the meeting focus for Oct 10:

- How do we measure Social Responsibility?
- What are the components?
- Do we use the scorecard as a model or tool, develop new tool? (Don't develop just to fit into a scorecard)

Next meeting: Oct 10, 2008, LCB HQ 1-4 p.m. Conference Room 201

Thank you for attending!

Action Items: *Send results to Debi Besser – djb@liq.wa.gov*

- Provide details on what Diageo has done in North Carolina regarding social responsibility message<Arick Liske> ,
- Provide data measures on the effectiveness of social responsibility ads campaign. <Arick Liske>
- Draft proposed definition of social responsibility <Debi Besser>

9/10/08 (sb) rev. 9/18/08 mlm)